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MEMORANDUM

TO : Deputy Director (Plans)

Nov 30, 1953

SUBJECT: Administrative Plan for IX Division
Proprietary Project AEMARSH

I. Objective

1. The purpose of this project is to utilize all possible existing legal means to penetrate the Latvian GRN in the gathering of intelligence on the Soviet regime. Specifically, the objectives of the project are as follows:

- (a) To spot, develop and train long range covert personnel with specialized qualifications and skill for use strategically placed within the territory of the Soviet Union and its satellites, and who would be engaged in exploiting all legal channels which lead into or out of the Latvian GRN.
- (b) To spot and develop all existing cultural, academic and recreational ties with the Latvian GRN for intelligence exploitation.
- (c) To spot and develop all commercial ties with the Latvian GRN for intelligence exploitation; and.
- (d) To spot and develop all postal and other legal communication facilities with the Latvian GRN for utilization in the covert transmission of intelligence as well as the investigation of all overly transmitted intelligence.

(1) Organization

2. A covert facility has been established and is known as AEMARSH. AEMARSH is a non-profit cultural organization engaged in the preservation and development of Latvian national identity, collection and classification of information on Latvian national life and the indoctrinating and providing the physical, spiritual and moral education of Latvians who are dispersed from their homeland. Agency control of AEMARSH has been obtained by the installing of three (3) agents (one covert associate and two unpaid agents) on its three (3) member executive committee. The nine (9) member organization is comparatively easily controlled by the transfer of elected clauses in its by-laws which provide the executive committee with sufficient leeway.

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to engage in certain tasks for which it has special funds and for which it does not account to the members of the organization.

3. In event there is a substantial increase in the membership of ARMYTEL, the possible great success of future work by membership dues, profits from organized social functions, not profits from publications, contributions, etc. Although ARMYTEL would no doubt derive if the Agency financial support of the agents were to be withdrawn, it could conceivably continue to function as a completely non-operational and uninvolved cultural entity with support gained elsewhere. At the present, the Agency is only furnishing financial support to the organization for the payment of certain bookkeeping expenses such as a part time secretary, telephone, mail, travel, etc., incurred by the organization.

4. The Administrative Plan makes provision for the formation of ARMYTEL as a non-profit membership corporation whose primary function is to provide financial support to ARMYTEL for the payment of those bookkeeping expenses incurred by ARMYTEL. ARMYTEL shall also serve as a backing for the cover activities engaged in by ARMYTEL. ARMYTEL is formed on the fact that a large portion of the budget for this project involves payment of operational cost for salaries of agents, purchase of information, special equipment, etc., which will be transmitted by the non officer and will not be handled through ARMYTEL or ARMYTEL.

III. Budget and Project Approval

5. Project ARCON was approved on 31 October 1953 by the Chief, FI, as a Joint FI/VI activity aimed at the Latin Am. The Chief, FI, authorized the sum of [] for Project ARCON for the period 1 October 1953 to 31 September 1954. Incidentally, this period was extended to 30 November 1954.

6. It is to be noted that the FI operations undertaken by Project ARCON involved both ARMYTEL and ARMYTEL type of activities while Project ARCON making provision only for ARMYTEL type of activities. The total budget provided for Project ARCON for the remainder of Fiscal Year 1954 is in the sum of []

IV. Administrative Plan

7. The attached Administrative Plan has been executed in by the interested staffs and divisions, as evidenced by the attached conference sheet, and is recommended for your approval.

Project Administrative Planning Staff, DD/A

Project Officer

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EXCLUDED FROM AUTOMATIC DOWNGRADING AND DECLASSIFICATION

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ACMAARH
Proprietary Project
Administrative Plan

I. Cover

1. The purpose for which ACMAARH is to be formed shall be:
 - (a) To better and preserve the basic independent learning national culture, and encourage the development of information and democratic activities that will contribute to this end; and
 - (b) To render financial and moral assistance to organizations and individuals dedicated to such purposes.
2. The basic primary function of ACMAARH is to serve as a leading organization to furnish financial support to ACMAARH for all the non-subsiding expenses. ACMAARH shall also serve as a leading organization for the cover activities engaged in by ACMAARH. ACMAARH shall neither seek nor require publicity and it shall not accept donations from private sources except for properly purposes as approved by the Cover Division. The transmission of funds from ACMAARH to ACMAARH shall be made only for purposes having approval of the SR Division.

II. Organization and Management of ACMAARH

3. ACMAARH shall be a non-profit membership corporation and shall be fully agency controlled. ACMAARH shall maintain an office in the United States for the conduct of its business activities. ACMAARH shall have three (3) directors who shall also be the officers.
4. All operating and financial expenses incurred by ACMAARH shall be paid from funds advanced by the Agency.

III. Budget and Financial Arrangements

5. Agency funds shall be made available for the operation of the project on the basis of an annual budget prepared by the SR Division and reviewed by the Office of the Comptroller, and by the Commercial Division with respect to the non-subsiding expenses of ACMAARH and ACMAARH. This budget and the allotment of funds the remedy shall be in accordance with the terms and conditions of the project approval.
6. Upon the appropriate request of the SR Division, the Finance Division will advance funds for the project within the amount of the approved allotment.

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14. The Finance Division shall establish a memorandum account to reflect all funds transferred to AEMETHOD (including purchase of the property) as indicated by the financial statements of AEMETHOD. The memorandum account will be cleared on the basis of the utilization of such funds by AEMETHOD as evidenced by the monthly statements of cash receipts and disbursements.

15. The withdrawal of funds from the bank account of AEMETHOD shall require the signature of each officer of AEMETHOD as designated by the SR Division and approved by the Commercial Division.

16. The SR Division shall, upon request, furnish the Finance Division with the name and location of the bank in which the business account of AEMETHOD is carried, the title of the account and the names of the persons authorized to withdraw funds from the account.

Protection of U.S. Government Interest

17. A check or draft will be interpreted as a bona fide check by the Division with the concurrence of the Office of the General Counsel. The transfer of the proceeds of AEMETHOD and the proceeds shall have the approval of the Commercial Division and the Office of the General Counsel.

18. Selection of officers, directors and employees of AEMETHOD shall be the responsibility of the SR Division, with the concurrence of the Commercial Division, provided that the chief accounting officer of AEMETHOD shall submit to selection by or concurred in by the Office of the General Counsel. Prior to use as employment under this project, all persons will be made willing of their sole agency or the United States Government's benefit, shall be previously cleared by staff C of the Security Office. A list of all such persons, who are cleared to be in a position to receive funds of the operational benefit, or to compromise the interest of the project, must be submitted through staff C of the Security Office.

19. The records of the officers and members meetings shall be stored by the Office of the General Counsel. The records shall be retained by AEMETHOD. Copies of the meeting documents shall be submitted to the Commercial Division and the SR Division.

20. A check or draft of a signature shall be reviewed by all officers and directors of AEMETHOD, and shall be filed with the Commercial Division.

21. All personnel authorized to sign checks or to handle funds of AEMETHOD or AEMETHOD may be adequately bonded by an approved insurance

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Company is determined by the Commercial Division and the SR Division.

22. An appropriate accounting system, which will properly reflect the activities of AEMETHOD shall be provided by the Office of the Comptroller, with the concurrence of the Commercial Division and the SR Division.

23. All visiting officers and/or members of AEMETHOD and AEMETHOD shall be under contract or agreement with the Agency. The Agency contract(s) outlining, in part, their authorities, shall be prepared by the Special Contracting Officer and concurred in by the SR Division and the Office of the General Counsel.

24. Any contract executed by AEMETHOD shall have the prior approval of the SR Division, Commercial Division and the Office of the General Counsel.

25. The Office of the General Counsel shall advise the SR Division in filing the necessary reports to obtain tax exemption for AEMETHOD.

Expenses Account Policy

26. Travel and subsistence expenses, if any, of the members of the Board of Directors, officers and other key members of AEMETHOD and key members of AEMETHOD shall be on an actual, reasonable and necessary expense basis and shall be reviewed by the SR Division and the Commercial Division. These expenses shall be supported by appropriate documents such as receipts, certifications, etc.

SR Board

27. AEMETHOD shall be notified as soon as possible and the audit program shall be determined and carried out in accordance with Agency regulations.

SR Liquidation

28. This Project shall not be liquidated without the prior approval of DD/DD/A and the DD/P.

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REMARKS

CONTINUED APPROVAL

[REDACTED]

Administration, DD/P

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